

BEFORE THE
POSTAL REGULATORY COMMISSION

PERIODIC REPORTING
(PROPOSAL FOUR)

: Docket No. RM2016-12
:
:

UNITED PARCEL SERVICE, INC.'S SECOND MOTION FOR
ISSUANCE OF INFORMATION REQUEST TO THE UNITED
STATES POSTAL SERVICE
(September 29, 2016)

United Parcel Service, Inc. ("UPS") respectfully submits this Second Motion for Issuance of Information Request to the United States Postal Service ("Postal Service") for additional information relating to Proposal Four.

Proposal Four concerns the treatment of purchased highway transportation costs within the Cost and Revenue Analysis report. See Petition Of The United States Postal Service For The Initiation Of A Proceeding To Consider Proposed Changes In Analytical Principles (Proposal Four), Dkt. No. RM2016-12 (Aug. 22, 2016). The purported objective of the proposal is to improve the methodology for calculating attributable purchased highway costs by incorporating the variability of purchased highway transportation capacity with respect to volume into the calculation of attributable costs for purchased highway transportation. *Id.* at 2. In support of its Petition, the Postal Service attached a report by Professor Michael D. Bradley. See Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume ("Professor Bradley's Report"), Dkt. No. RM2016-12 (Aug. 22, 2016).

On September 27, 2016, UPS filed its first Motion for Issuance of Information Request to the Postal Service seeking additional information about how the Postal Service makes decisions about the amount of purchased highway transportation capacity that it contracts for, and the circumstances under which capacity will change. In addition to this information, however, UPS also requires further information about the TRACS data upon which the Postal Services relies in Proposal Four. As such, UPS request that the Commission issue an additional Information Request to the Postal Service, in the form of the Proposed List of Questions (appended hereto as Exhibit A).

Answers to these questions will provide UPS with a better understanding of the TRACS data and will allow for an evaluation of the suitability of the TRACS data to answer the variability questions being posed by Dr. Bradley. Additionally, answers to the questions in Exhibit A will permit UPS, the Commission, and other commenters to better determine whether additional information contained in the TRACS data, beyond the variables used by Dr. Bradley, can be leveraged to more reliably estimate the variability of purchased highway transportation. To the best of UPS's knowledge, the questions posed below are not answered in the public documentation accompanying the annual disclosure of TRACS data (such as USPS_FY15_36_TRACS.Preface.pdf and similar files from the ACR dockets).

Respectfully submitted,

UNITED PARCEL SERVICE, INC.,

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Exhibit A

PROPOSED LIST OF QUESTIONS:

Please provide more details on the quarterly Highway datasets from each fiscal year's public TRACS library reference, by answering the following questions. Specifically, these questions relate to the files named form3l.sas7bdat, form3c.sas7bdat, pallet.sas7bdat and sample.sas7bdat located within each of the quarterly directories within the TRACS library reference from each fiscal year from 2010 to 2015.

1. Please confirm that the TRACS system samples only regular routes. If not confirmed, please describe the non-regular routes that are sampled and for each fiscal year, provide the approximate share of the TRACS sampling frame and resulting sample that are drawn from stops on these non-regular routes.
2. For many of the mail items sampled on a given TESTID (such as those sampled from containers or pallets, as well as sampled loose items), there are multiple observations corresponding to multiple legs on a given route.
 - a. Please confirm that the legs recorded correspond to all legs traveled by a sampled item on the route-day that corresponds to that TESTID.
 - b. Please also confirm that for any given sampled item, any legs that occur on that route-trip after the given item has been unloaded do not result in additional observations for that item.
 - c. Please confirm that when multiple sampled unloaded items on a given TESTID contain the same number of legs, one can infer that the corresponding items were loaded onto the sampled truck at the same origin.
3. Please confirm that for TESTIDs that appear in a given "sample" dataset but, because no mail was unloaded at the TESTID stop, do not appear in the "form3c", "form3l", or "pallet" datasets for the corresponding year and quarter, the TRACS data do not contain information on the DCODE or other facility data on the route other than the facility at which the test was conducted.
 - a. If not confirmed, please describe where such information is provided in the TRACS data.

4. Certain values of the ROUTE identifier contain multiple observations over time, but with different contract type (CON_TYPE) values.
 - a. Please confirm that a given ROUTE identifier generally refers to the same contract and route across the six years in the sample used by Dr. Bradley (FY 2010 to FY 2015).
 - b. If not confirmed, please provide information as to the relative frequency of instances in which a given value for the ROUTE identifier is used to refer to different contracts.
 - c. If confirmed, please describe the circumstances under which a route could change contract types.